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BEFORE THE ARIZONA CORPORATION COMMISSION

200

COMMISSIONERS

2006 NOV 27 P 4: 46

Jeff Hatch-Miller, Chairman

William A. Mundell

Mike Gleason

Kristin K. Mayes

Barry Wong

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission

DOCKETED

NOV 27 2006

DOCKETED BY

[Signature]

[Signature]

IN THE MATTER OF THE APPLICATION OF
CAVE CREEK WATER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

Docket No. W-01452A-06-0449

**CAVE CREEK WATER COMPANY'S
RESPONSE TO STAFF REPORT**

Cave Creek Water Company ("Company") respectfully submits this Response to the Staff Report filed on November 17, 2006 in this matter.

I. Preliminary Statement.

The Company has two concerns with the Staff Report in this Docket. First, although the Company is a firm believer in requests for service, this case presents a unique opportunity to solve the extraordinary problems facing the Sabrosa Water Company system. This can only be done if the Commission grants the Company the extension area requested in this case. Moreover, Staff understates the amount of requests for service to the Company. The Company has requests for service – or their recognized equivalent – for more than 75% of the requested extension area.

Second, Staff's concerns about storage are overstated because Staff's storage calculations do not include the effect of the Company's wells or its emergency interconnection with Carefree Water Company.

1 **II. Under the circumstances, the Company has sufficient requests for service.**

2 **A. Sabrosa provides a compelling reason to extend the Company's CC&N.**

3 The Sabrosa Water Company ("Sabrosa") system is permanently in critical condition. Due
4 to these problems, the Commission revoked Sabrosa's CC&N and ordered the appointment of an
5 interim manager for the Sabrosa system¹. Global Water Resources, LLC ("Global Water")
6 currently serves as the interim manger of Sabrosa. Global Water is also the ultimate parent of the
7 Company.

8 Sabrosa's problems are many. Its owner has essentially abandoned it. Further, it has an
9 inadequate source of water. Sabrosa's water supply comes from a few, low production wells.
10 Even in the best of times, theses wells barely provide enough water to supply the customers
11 despite extraordinary water conservation measures by those consumers. And the loss of any well
12 jeopardizes even this precarious service. Moreover, the water quality from the wells is low. More
13 wells are not the answer, as groundwater supplies in this area are limited abd ground water quality
14 is poor. The Company and Arizona-American Water Company are the only reliable providers in
15 the area. The Company and Arizona-American both use surface water to supply the area. This is
16 also the only viable solution for Sabrosa.

17 The Company and Global Water propose to build a pipeline from the extension area to
18 Sabrosa. The Company and Global Water have ample allocations of CAP surface water to serve
19 the Sabrosa area, as well as the extension area in this case. The proposed pipeline will provide this
20 surface water to the Sabrosa area. However, this solution will work only if the extension area is
21 granted to the Company. This is because the proposed pipeline runs from the edge of the
22 extension area to Sabrosa area. If the Company does not get the extension area, then there will be
23 nothing to connect the pipeline to. Global Water and the Company propose to fund the pipeline
24 with moneys available under H.B. 2521. Additional details about this proposal were filed with the
25 Commission in this docket on November 17, 2006. The H.B. 2521 funds will not support a longer
26

27 ¹ See Decision Nos 63136 (November 16, 2000) and 65217 (September 24, 2002).

1 pipeline. Global Water and the Company are willing to fund the construction of mains up to the
2 edge of the extension area, but only if the extension area is granted to the Company.

3 Thus, granting the extension area to the Company is a critical component to providing a
4 permanent solution to Sabrosa's problems. The Company is not aware of any other feasible
5 solution to Sabrosa's problems. Given the long-standing suffering of Sabrosa's customers, the
6 Commission should seize this unique opportunity and grant the full extension area to the Company.

7 **B. Staff understates the amount of requests for service.**

8 Staff states that the Company has requests for only 360 out of 14,086 acres. However,
9 Staff substantially undercounts the extent of requests for service. A map of the extension area is
10 attached as Exhibit 1. Based on current Commission and Staff practice, the Company has requests
11 for service (or recognized equivalents) for more than 75% of the extension area. There are several
12 types of parcels within the extension area, as shown on Exhibit 1:

- 13 (1) Parcels requesting service (458.0 acres) (shown in yellow)
- 14 (2) State Land in Extension (6,958 acres) (shown in green)
- 15 (3) Parcels Currently Served (3,400 acres) (shown in pink)
- 16 (4) Other Parcels (3,400 acres)(shown in blue)
- 17 (5) BLM land (5 acres) (shown in brown)

18 Of these areas, only (4) and (5) are considered to lack requests for service (or recognized
19 equivalents) under current Commission and Staff practice. Each type of parcel is reviewed briefly
20 below.

21 **1. *Parcels requesting service.***

22 These areas, shown on yellow on the map, have provided request for service letters. These
23 parcels total 458 acres, which is greater than the area reported by Staff (360 acres) due to the
24 inclusion of the "elbow" on the tip of Greer Ranch. Greer Ranch is a subdivision which is the
25 largest of the parcels requesting service.

1 **2. *State Land.***

2 The State Land Department parcels comprise a substantial portion of the extension area,
3 totaling 6,958 acres in all. These parcels are shown in green on the map. The Company received a
4 letter from the Arizona State Land Department (“ASLD” or “Land Department”) concerning these
5 parcels, which was filed with the Commission on November 9, 2006. The letter states, in part, that
6 “The ASLD believes that it is in the best interest of the State Trust land that it be included within
7 the service territory of a water provider in this area.... [T]he ASLD wishes to remain neutral as to
8 who the water provider should be for this land and will leave that decision with the ACC.” This is
9 essentially identical to a letter the Land Department sent to Arizona Water Company concerning
10 its pending extension in the Coolidge area.² Regarding this letter to Arizona Water Company,
11 Staff stated that “Because the Land Department has clearly received notice, is fully aware of its
12 inclusion in the proposed extension, did not specifically ask to be excluded and has no objections
13 to being included, Staff has no objection to its inclusion in the proposed area.”³ Staff then testified
14 at the hearing in that case (held the day before the Staff Report was filed in this case) in support of
15 including the Land Department parcels in the CC&N extension. Because there is no relevant
16 difference between the Land Department letters in this case and the Coolidge case, the Land
17 Department parcels should be treated the same in both cases.

18 Although Staff does not mention the Arizona Water Company Coolidge matter, it does
19 express concern about “the possible impact on the ongoing condemnation proceeding concerning
20 the Town of Cave Creek.”⁴ This appears to be a reference to the Town of Cave Creek’s (“Town”) statement that the only purpose of an extension in this case is to increase the condemnation value
21 of the Company.
22

23
24
25 ² See Certificate of Filing Regarding Arizona State Land Department filed by Arizona Water
26 Company on July 18, 2006 in Docket No. W-01445A-06-0317.

27 ³ Supplemental Staff Report in Docket No. W-01445A-06-0317 dated Sept. 29, 2006 at 3-4.

⁴ Staff Report at 4.

Staff's concern about the condemnation case is misplaced for several reasons. **First**, the Company is vigorously defending itself from Town's attempt to size the Company's property. The Company is hopeful that it will be able to defeat the condemnation in its entirety. In that event, any increase in condemnation value would have no effect. **Second**, there are substantial reasons to grant an extension in this case. The most compelling is the need help solve Sabrosa's problems. In addition, there is clearly a need to serve Greer Ranch. **Third**, as discussed below, the extension is also needed to provide a long-term solution to the Company's storage issues.

In summary, there is no reason to treat this Land Department letter any different than the letter in the recent Arizona Water Coolidge case. Accordingly, the Land Department parcels should be included in the extension area.

3. *Parcels Currently Served.*

The Company currently provides service to a number of parcels within the extension area, totaling 3,400 acres. These service connections were added by the Company prior to its acquisition by Global Water. The Commission has recent precedent that provides clear guidance in this situation. In Decision No. 68607 (March 23, 2006), the Commission approved an extension for Arizona Water Company. The extension area included an area known as "Parcel 1". Parcel 1 included an area where Arizona Water Company served approximately 200 existing customers, as well as a substantial additional area. Indeed, it appears that the majority of Parcel 1 was not being served by Arizona Water Company. Staff supported including Parcel 1.⁵ Global Water filed exceptions opposing the inclusion in Parcel 1 of the additional areas where service was not already provided.⁶ However, Global Water supported a CC&N extension for the areas of Parcel 1 where Arizona Water Company already provided service.⁷ This is because the existence of an existing

⁵ Staff Report dated November 10, 2005 in Docket No. W-01445A-05-0469 at page 5.

⁶ Global Water Exceptions filed February 9, 2006 in Docket No. W-01445A-05-0469 at page 2.

⁷ Id.

1 service relationship clearly implies that the customer desires service from the utility. The
2 Commission granted an extension covering all of Parcel 1.⁸

3 Here, the parcels currently served by the Company are in the same position as those served
4 by Arizona Water Company in Decision No. 68607. Accordingly, the Commission should grant
5 an extension for these parcels.

6 The parcels currently served by the Company include a Maricopa County park known as
7 the Cave Creek Recreation Area. The Company has served this park for more than 10 years. Staff
8 notes that "there has been no request for service or letter of support filed by Maricopa County."⁹
9 However, under Decision No. 68607, providing existing service to a parcel is equivalent to having
10 a request for service, and justifies including the parcel in an CC&N extension. Accordingly, the
11 Commission should extend the Company's CC&N to include the park, and the other parcels that
12 the Company currently serves.

13 **4. Other Parcels.**

14 The Company clearly lacks requests (or their recognized equivalents) for 3,400 acres.
15 However, there are four reasons to include these areas. **First**, the compelling need to provide a
16 solution for Sabrosa justifies including these parcels. **Second**, the Company notes that including
17 these parcels is consistent with Decision No. 68607. Although Global Water opposed the
18 inclusion of un-served lands in that Decision, the Commission ruled otherwise. Here, the area
19 without requests is about the same size as the area already served. In contrast, in Decision 68607,
20 the area without requests in Parcel 1 was much larger than the areas already served in Parcel 1.
21 Thus, under Decision No. 68607, these parcels should be included. **Third**, these parcels are in
22 many cases surrounded on three or four sides by the Company's existing CC&N or other parts of
23 the extension area. **Fourth**, the Company sent out comment cards requesting a response from the
24 record owners of these parcels. The comment card and related materials are reproduced as Exhibit
25

26 ⁸ Decision No. 68607 (March 23, 2006) at page 6, finding of fact 29.

27 ⁹ Staff Report at 2.

1 1 to the Staff Report. A clear majority of those responding supported the extension, while others
2 did not oppose it. A tabulation of the responses is attached as Exhibit 2. A map showing the
3 location those who responded in favor, in opposition, or who had no opinion, is attached as
4 Exhibit 3.¹⁰

5 **5. BLM parcels.**

6 Several small parcels belong to the United States Bureau of Land Management ("BLM").
7 The BLM parcels total only 5 acres. They should be treated the same as the other areas without
8 requests for service for the same reasons outlined above.

9 **III. Staff's storage concerns are overstated.**

10 Staff expresses a concern about the Company's level of storage. These concerns are
11 overstated for several reasons.

12 **First**, Staff does not consider the effect of the emergency interconnection agreement with
13 Carefree Water Company. The purpose of storage is to provide a temporary source of water in the
14 event of a supply disruption. Under A.A.C. R18-5-503.B, the Company is required to provide
15 storage equivalent to its average day demand in the peak month (for 2006 this was 1,915,000
16 gallons) minus the Company's firm capacity (which is the Company's production capacity with the
17 largest source out of service, which in the Company's case is the CAP water supply). In other
18 words, the Company's firm capacity plus storage must exceed 1,915,000 gallons per day. The
19 Company has an emergency interconnection agreement with Carefree Water Company. A copy of
20 this agreement is attached as Exhibit 4. The Company estimates that it can obtain 800 gallons per
21 minute through this interconnection. This is the equivalent of 1,152,000 gallons per day. With
22 the Company's existing storage capacity of 695,000 gallons, the Company nearly meets the storage
23 regulation considering this source alone.

24
25
26 ¹⁰ Note that Exhibit 3 does not exactly match Exhibit 2 because the location of some of the
27 responding landowners could not be verified. The Company will provide updates to Exhibits 2
and 3 at the hearing.

1 **Second,** Staff does not consider the effect of the Company's existing wells. Staff excluded
2 these wells because they are now connected to the CAP treatment plant.¹¹ This connection to the
3 CAP treatment plant was to provide a centralized treatment facility for arsenic in the ground water.
4 This treatment system produces water that meets the new federal arsenic standard of 10 parts per
5 billion, without blending from the CAP system. Staff assumed that the wells could not be used if
6 the CAP system was disrupted. However, the Company can in fact provide emergency arsenic
7 treatment at the CAP treatment plant even if no CAP water is available for blending. A Certificate
8 of Approval of Construction for this emergency treatment methodology from the Maricopa County
9 Environmental Services Department is attached as Exhibit 5. Therefore, the wells can serve as a
10 temporary source of water even when CAP water is not available. Thus, the wells count as "firm
11 capacity" under the storage rule cited above. The Company's wells have a total capacity of 480
12 gallons per minute using the approved treatment methodology, or 662,400 gallons per day. Thus,
13 when combined with the Carefree interconnect and the existing storage. The Company is well in
14 excess of all regulatory storage requirements.

15 **Third,** Staff's recommendation – that the Company build storage outside of its CC&N area
16 before an extension is granted – makes little sense. It is true that utilities often construct facilities
17 outside their CC&N area to serve that CC&N area. However, Commissioner Mayes has expressed
18 concerns about this practice. In light of these concerns, it makes little sense to force the Company
19 to build outside its CC&N area.

20 **Fourth,** Staff does not consider the reason for the Company's level of storage. Although
21 the Company exceeds all regulatory storage requirements, it would still like more storage, and it
22 has worked diligently to obtain additional storage. However, the Town has blocked every effort of
23 the Company to build additional storage within its CC&N area. A chronology of the Company's
24 efforts, and the Town's responses, is attached as Exhibit 6. Granting the extension area in this
25 case will provide the Company with the opportunity to build additional storage in an area where
26

27 ¹¹ Staff Report at 3.

1 the Town cannot obstruct its efforts. This additional storage will benefit customers both in the
2 existing service area as well as the extension area.

3 In summary, Staff's storage concerns are misplaced. The Company has sufficient storage
4 to meet all regulatory requirements. Moreover, the Company has diligently worked to add storage,
5 only to be blocked by the Town. Adding this extension area will allow to Company to build yet
6 more storage, just as Staff requests.

7 **IV. Conclusion.**

8 This case presents a compelling opportunity to solve the extraordinary problems facing the
9 Sabrosa system. Moreover, the Company has requests for service – or their recognized equivalent
10 – for 75% of the requested extension area. The Company meets all regulatory storage
11 requirements, and granting an extension in this case will allow it to add further storage.
12 Accordingly, the Company respectfully requests that the Commission extend its CC&N to include
13 all of the requested extension area.

14 RESPECTFULLY SUBMITTED this 27th day of November 2006.

15 Roshka DeWulf & Patten, PLC

16
17 By 

18 Michael W. Patten

19 Timothy J. Sabo

20 One Arizona Center

21 400 East Van Buren Street, Suite 800

22 Phoenix, Arizona 85004

23 Original + 13 copies of the foregoing
24 filed this 27th day of November 2006, with:

25 Docket Control

26 ARIZONA CORPORATION COMMISSION

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Phoenix, Arizona 85007

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Copies of the foregoing hand-delivered/mailed
this 27th day of November 2006, to:

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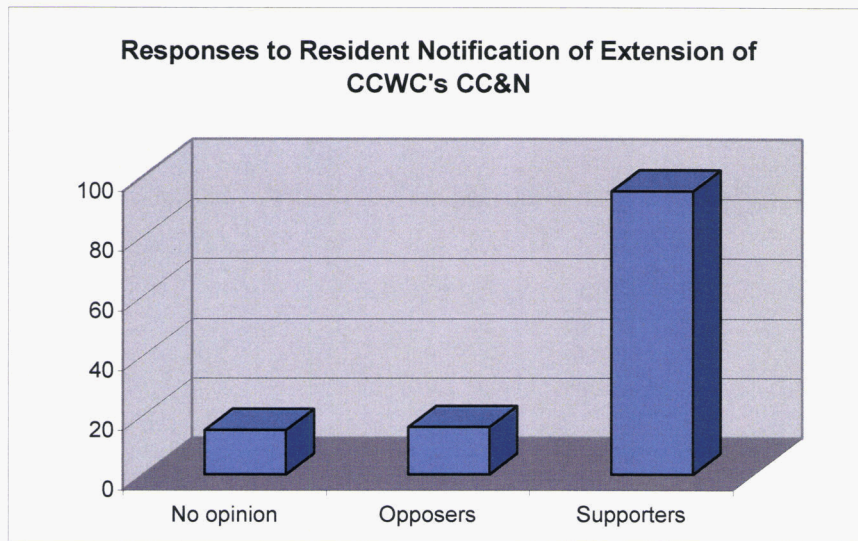


EXHIBIT

"1"

EXHIBIT

"2"



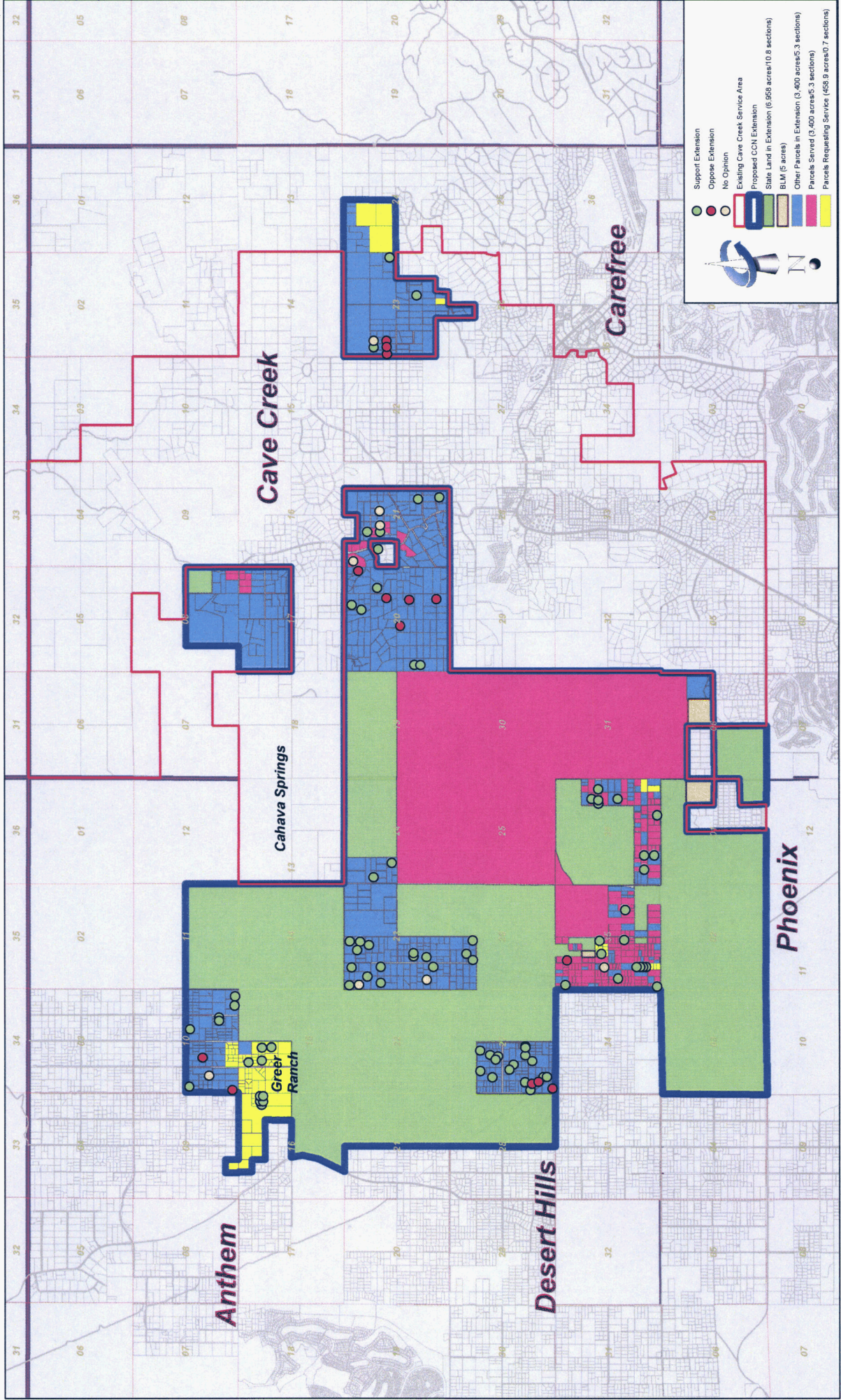
No opinion	15
Opposers	16
Supporters	95
<hr/>	
Total Responses	126

EXHIBIT

"3"

Customer Comments Regarding Cave Creek Water Extension

Created: November 27, 2006



EXHIBIT

"4"

AGREEMENT

This AGREEMENT, entered into this 5 day of February, 1999, between Cave Creek Water Co., an Arizona Corporation ("CCWC"), and Carefree Water Co. ("CWC").

RECITALS:

A. CCWC is a public service corporation certificated by the Arizona Corporation Commission to provide domestic water service in and around the incorporated area of Cave Creek, Arizona.

B. CWC is a public service company owned by the Carefree Utilities Community Facility District, which provides domestic water service in and around the incorporated area of Carefree in Maricopa County, Arizona.

C. CCWC has an eight (8") inch water transmission main in Tranquil Place and Tranquil Trail which is the eastern boundary of CCWC's Certificate of Convenience and Necessary and CWC has an eight (8") inch water transmission main in Tranquil Trail and Tranquil Place which is the western boundary of CCFD's service area. There is approximately twenty (20) feet between the two companies' mains at this location.

D. From time to time, CWC and/or CCWC have experienced or may experience emergencies which require supplementation of their water supply to meet their demands for water service. Interconnecting the two (2) service areas would permit CCWC and CWC to assist each other in these emergency situations by providing supplemental emergency water supplies to each other.

E. The intent and purpose of this Agreement is to provide for the construction of facilities necessary to interconnect the two (2) systems and to set forth the terms and conditions upon which CCWC and CWC agree to supplement each other's water supplies in case of emergency.

AGREEMENT:

1. CCWC agrees to install a connecting pipe with a four (4") inch turbo water meter which will measure flow in either direction at a mutually agreeable point between the two (2) companies mains. CCWC will also install pressure control device to prevent accidental depletion of the CWC's storage capacity in the event of extremely low pressure in the CCWC's system.

2. CWC agrees to pay one-half of the costs of the installation, the meter, and the required vault structure with the necessary connecting materials. CCWC will pay for the cost of the pressure control device.

3. This Agreement is for the emergency provision of water for domestic use and specifically excludes extraordinary use for fire protection purposes.

4. Before any water shall be provided to either party, the party must make a request, therefore, together with: 1) a description of the emergency; 2) the estimated amount of water that will be needed; and 3) the estimated time period water service will be sought through the interconnection. The party being asked to supply water has the right to decline to sell water; provided such action shall be premised only upon a reasonable belief that such service presents or may present a threat to the provision of water service to their existing customers or the requested service otherwise cannot be rendered safely and/or lawfully. In the event the party requested to provide water services exercises its discretion not to provide water services, a written explanation of its denial will be provided within two (2) working days of the request for water service. It is understood that each party will use their existing well capacity before requesting an emergency supply.

5. It is further agreed that any water furnished by one party to the other, shall be replaced with equal gallonage at no cost with the intention being there will be no net withdrawals from the aquifer.

6. Each party independently accepts the responsibility of obtaining any governmental approvals which they feel are required in order to perform pursuant to his Agreement, including, but not limited to approvals from the Arizona Department of Environmental Quality, Maricopa County Health Department, the Department of Water Resources, and the Arizona Corporation Commission. In the event any agency required to approve this Agreement, if any there be, refuses to grant said approval, the Agreement shall be null and void; provided, however, any party receiving water service hereunder shall be fully obligated to pay for the services actually rendered or facilities actually installed pursuant to this Agreement.

7. Under no condition is this water delivered to be considered a suballocation on the water provider's water which can be used to obtain 100 Year Certificates of Assured Supply from the Department of Water Resources for the water recipient.

8. This Agreement shall be binding upon the successors, heirs, and assigns of the parties. An assignment shall not be effective until accepted in writing by the other party. Each party agrees that their consent to such assignment shall not be unreasonably withheld. The parties further intend that this Agreement shall be binding upon any governmental entities which may acquire, by purchase or eminent domain, all or part of either party's respective properties. The conditions of this Agreement are intended to be covenants of the parties which run with the land and the properties of CCWC and CWC covered hereby. This Agreement shall be duly recorded with the Office of the Maricopa County Recorder.

9. The initial term of this Agreement shall be for twenty (20) years from the date of this Agreement, and shall be extended for successive five (5) year periods thereafter, unless thirty (30) days prior to the expiration of the initial term or any subsequent renewal thereof, either party notifies the other, in writing, of its intent not to extend this Agreement.

10. Termination. This Agreement may be terminated by either party upon the giving of one (1) years prior written notice delivered to the other. All notices, consents, approvals and other similar communications to be given by one party to the other under this Agreement shall be mailed or delivered as follows:

A. Carefree Water Company
P.O. Box 702
Carefree, AZ 85377
Attention: Manager

B. Cave Creek Water Company
P.O. Box 448
Cave Creek, AZ 85327
Attention: Manager

11. No modification of this Agreement shall be effective unless it is a written modification signed by both parties.

12. This Agreement constitutes the entire Agreement between the parties. No representations or agreements of any kind have been made by either party which are not contained within this writing.

13. Indemnification. A party who requests that water be transferred to its system pursuant to the provisions of Paragraphs 3, 4 and 5 of this Agreement, shall indemnify, defend and hold harmless the other and its officers, directors, employees and agents against any claim by any third-party, including a customer of either party, for injury to any person or damage to or loss of any property arising out of the sale or refusal to sell water to the other, except for any loss or damage resulting from the gross negligence of the party seeking indemnification. Except as provided herein, a party shall indemnify, defend and hold harmless the other and its officers, directors, employees and agents against any other claim by a third-party, including a customer of either party, for injury to any person or damage to or loss of any property that results from any other act or omission or negligence of the other, their employees or agents.

14. In the event of litigation regarding this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees as determined by the Court.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

CAREFREE WATER COMPANY

By

Its CHANDLER DISTRICT BOARD

CAVE CREEK WATER COMPANY

By Jonny Regan
Its President

EXHIBIT

"5"



Maricopa County

Environmental Services
Water and Waste Management Division

1001 N. Central Ave., Suite 150
Phoenix, AZ 85004
Phone: (602) 506-6666
Fax: (602) 506-6925
TDD: 602 506 6704
www.maricopa.gov/envsve

Date: April 20, 2006
Owner: Cave Creek Water Co.

MCESD Project #: 2010337
PWS #: 04-07-016

CERTIFICATE OF APPROVAL OF CONSTRUCTION WITH STIPULATIONS

PROJECT DESCRIPTION: Cave Creek CAP Water Treatment Plant, Arsenic Treatment System for Well Water. The work included construction of permanent facilities that allow emergency arsenic treatment of contaminated well water using one unit of the CAP plant. Full-scale pilot testing was successfully completed as MCESD Project #2010921 using water from the following wells: Hazelton (#55-518052); Faber (#55-521032); and Vermeersch (#55-518050) that have: flow rates of 100 gpm, 110 gpm, and 250 gpm; and arsenic concentrations of 0.050, 0.040, and 0.220 mg/l, respectively. Arsenic removal is performed using a coagulation/filtration process in Unit #2 of the CAP WTP.

The arsenic treatment facilities include: piping and valve modifications; ferric chloride (FeCl_3), polymer, and sulfuric acid feed facilities; a static mixer and orifice mixer; and a finished water turbidity meter and particle counter.

LOCATION:
Cave Creek, Maricopa County
T6N, R4E, SEC 28

PROJECT OWNER:
Attn: Dave Adams
Cave Creek Water Company
P.O. Box 448
Cave Creek, AZ

Pursuant to AAC Title 18, Chapter 4, Article 5, or Chapter 9, Article 8, and Maricopa County Environmental Health Code (MCEHC) Chapters II and V, approval of construction of the above-described facilities as represented in the approved documents on file with the Maricopa County Environmental Services Department (MCESD) is hereby given subject to the following provisions:

1. This approval is based on an application for Approval of Construction signed by Graham Symmonds of Global Water Resources; an Engineer's Certificate of Completion executed by Michael Worlton, P.E. (#35265) on 3/15/06; and a report "Cave Creek WTP Arsenic Treatment Optimization Services, Full Scale Testing Results" signed and sealed by Damon S. Williams, P.E. (#12177) on 4/16/06. An inspection of the facilities was conducted by the Department on 3/10/06.
2. This approval is based on:
 - a. The arsenic treatment system (ATS) shall be used whenever one or more of the groundwater wells are in use. That is, arsenic treatment shall not be performed by blending raw well water with treated CAP surface water.
 - b. No other wells may be connected to the ATS or blended with the treated ATS water without Department approval.
 - c. When the arsenic removal facilities are being used to treat well water in CAP WTP Unit #2, no surface water shall be commingled with the well water in that treatment unit.
3. The ATS is primarily intended to serve as an emergency source of water in the event CAP water is unavailable or insufficient to meet water demands. However, the Owner shall deliberately use the arsenic treatment system for a minimum of 5 days during each calendar year at a time when one or both of the other units of the CAP plant are treating surface water and blending that water with treated water from the ATS. The purpose of non-emergency operations is to ensure that the arsenic treatment system is functioning properly and available for emergency use when needed.
4. Whenever the arsenic removal system is used, including during the non-emergency operations described above, the Owner shall take one sample of the treated water from Unit #2 per day for laboratory analysis. The operator shall submit the test results to the Department together with turbidity and particle count data within 30 days after

Cave Creek CAP Water Treatment Plant, Arsenic Treatment System for Well Water

Certificate of Approval of Construction


April 20, 2006

MCESD #2010337

the end of each operating period.

5. Any change in the approved design that may affect capacity, quality, flow, location or operational performance of the system shall be submitted to this Department for review, and Department approval shall be obtained prior to undertaking the work affected by the change.
6. This approval is void if major modifications occur to this facility without the knowledge and consent of the Department.
7. A Grade 2 water treatment plant operator, certified by the Arizona Department of Environmental Quality, shall be in direct responsible charge of this facility
8. The water treatment facility shall meet all applicable sampling and reporting requirements under the Safe Drinking Water Act Rule, Title 18, Chapter 4 of the Arizona Administrative Code, and subsequent amendments.
9. All materials or products that come into contact with drinking water or with water treatment chemicals shall conform to ANSI/NSF 60 and 61 in accordance with AAC R18-4-119.
10. No connection may exist between potable water and non-potable water unless an approved backflow prevention device is installed in accordance with AAC R18-4-115.
11. Provide appropriate signage for all hose bibb connections (both potable and non-potable).
12. Provide hoses and hose racks at all hose bibb locations (both potable and non-potable).
13. Representative(s) of MCESD shall be allowed access to the site to conduct inspections of this facility during reasonable hours.
14. MCESD reserves the right to modify this approval pursuant to future state regulations.

WATER AND WASTE MANAGEMENT DIVISION

By 
Kenneth R. James, PE
Acting Manager Water / Wastewater Treatment Program

Plan Approval Date: April 20, 2006

cc: ADEQ Drinking Water Section, 1110 West Washington Street, Phoenix, AZ 85007
Dale G. Bodiya, PE, MCESD, Acting Division Manager
John Kolman, RS, MCESD, Manager Drinking Water Program
Michelle DeHaan, P.E., DSWA, 2355 E. Camelback Rd., Suite 700, Phoenix, AZ 85016
MCESD File

EXHIBIT

"6"

EXHIBIT 6

Chronology of Storage Events

Additional storage cannot be constructed within the Town Limits of Cave Creek without the Town Council approving a Special Use Permit. The Water Company has approached the Town several times trying to work out the details of the location and requirements that the Town Council would require to approve a storage facility.

(1) In 1994 or 1995, the Company had acquired an option on a site on the north side of Black Mountain where a 2MG gravity tank could be constructed. Preliminary engineering was done by American Engineering (now RBF Consultants), and a presentation was made to the Town Planning and Zoning Commission and Town Council. The lot was chosen to minimize the visual impact for the citizens of the Town. The project was defeated on a 7-0 vote. At that time the Town Council indicated that the storage tank should be constructed in the Commercial Core.

(2) Another attempt was made in 2003. The Company attempted to find a site and obtain some sense of agreement with the Town Council for a tank location in the Commercial Core. After extensive discussions it was not possible to agree on a site and tank design that would meet our needs. At that time the Town officials suggested that they would approve a tank located on property they were preparing to purchase at the entrance to the Spur Cross Ranch Conservation Area.

(3) Shortly after Global Water purchased the Company, the Company made another attempt, in late 2005 and 2006, to find a site on which they could construct the needed storage. Global agreed to construct the tank on the land suggested by the Town in previous discussions with Jay George and David Adams of the Cave Creek Water Company. To date, every proposal by the Company has been rejected.

(4) The Company attempted to negotiate with the Town of Cave Creek to lease the land owned by the Town for the construction of two new gravity storage tanks. The plans called for the construction of two new two million gallon gravity storage tanks on a site owned by the Town. Global submitted a lease agreement to the Town of Cave Creek for their review. While the Town was reviewing the Agreement, Global has commissioned a soils study to determine the stability of the site. Global also prepared an artist's rendering of the tank to be presented to the Town Council as part of the preparation for approval of the storage tank site Agreement and special use permit which is necessary to construct the two tanks. The efforts to obtain a lease are described below.

Late Summer 2005 – Global/CCWC began meetings with Town Manager Usama Abujbarah and Mr. Wayne Anderson to coordinate water infrastructure projects in the service area. It was during one of those meetings that the Phoenix and West End Mine Site as a viable location with the full support of Mr. Abujbarah and Mr. Anderson.

September 2005 – With a site identified, Slyder & Associates was contracted to survey the site and provide legal description for purpose of developing a lease agreement. It was anticipated that a project could be completed by the first quarter of 2007.

October 7, 2005 – A draft lease agreement (hard copy) was given to Mr. Abujbarah and Mr. Anderson with an electronic version emailed on October 12, 2005 for the purpose of forwarding to the Town Attorney.

December 12, 2005 – Global/CCWC entered into an agreement with RBF Consulting to design the project. Ninyo & Moore, a subconsultant to RBF, subsequently completed the underlying geotechnical investigation. The Town assisted Global/CCWC in providing access to the site

January 6, 2006 – With preliminary site plan completed and communication from Mr. Abujbarah that the lease agreement would soon be presented to the Town Council, Global/CCWC requested an agenda item on the January 17, 2006 Council Meeting.

January 2006 – After receiving the request for an agenda item, Mr. Abujbarah informed Global/CCWC that the site was included as a part of a Voluntary Remediation Program (VRP) under review by the Arizona Department of Environmental Quality and, until ADEQ approved the Town's Application, they could not approve a lease.

January 31, 2006 – Global/CCWC met with Mr. Ken Hodson of Mariscal Weeks, the Town's attorney handling the VRP. Global/CCWC was informed that the "Risk Assessment" application was soon to be submitted and ADEQ response was expected in mid-March.

February 24, 2006 – Ninyo & Moore completed geotechnical report for the site.

March 24, 2006 – Following a number of telephone conversations to status the VRP, Hodson communicated that a letter from ADEQ indicating a "favorable technical determination" was anticipated by month's end, initiating a 30 day public comment period. Based on that information Global/CCWC determined that a tank could be constructed by June 2007.

April 11, 2006 – Mr. Marty Aronson, counsel to the Company, received a letter from Mr. Marvin Cohen, counsel to the Town, that included "Revisions to the Proposed Tank Site Lease". Note that six (6) months had elapsed since the lease agreement had been given to the Town.

To date the Company has been unable to enter into a lease with the Town or to obtain a special use permit from the Town. Accordingly, the Company is pursuing storage options outside of the Town.